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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEB 14 1997

In the Matter of

Access Charge Reform

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

CC Docket No. 96-262

REPLY COMMENTS OF THE
COMPETITIVE TELECOMMUNICATIONS ASSOCIATION

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FEB 14 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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SUMMARY

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The Commission should adopt the targeted approach to access reform proposed by the Competitive Telecommunications Association ("CompTel"). CompTel's proposal has the following benefits:

- it makes significant progress toward achieving cost-based switched access rates in the near term;
- it is grounded in the realities of today's marketplace;
- it can be readily implemented by the Commission without lengthy or burdensome additional proceedings;
- it incorporates the hard work of state commissions in arbitrating agreements under the 1996 Act; and
- it mitigates any contentions of rate shock by incumbent local exchange carriers ("ILECs") by avoiding an across-the-board, flash-cut to cost-based rates.

In brief, CompTel urges the Commission to establish priorities in bringing access rates to cost-based levels. The first priority should be to prescribe cost-based rate levels based upon Total Service Long Run Incremental Costs ("TSLRIC") for those access rate elements that are not now, and are not likely in the future to be, subject to competitive pressures. The record shows that terminating switched access, and originating and terminating Tandem-Switched Transport, qualify under that criterion. CompTel recommends that the Commission prescribe the terminating Transport Interconnection Charge ("TIC") and Carrier Common Line ("CCL") charge at zero based upon TSLRIC. Further, the Commission should prescribe rates for terminating Local Switching, and originating and terminating Tandem-Switched Transport, based upon the TELRIC rates established by the Commission and state authorities for those functions when provided as network elements.

For originating switched access, the Commission must continue its efforts to ensure that the network element regime is fully implemented. If network elements are made as readily available and simple to use as access services are today, the Commission may defer the prescriptive approach for originating access to see whether a fully-implemented network element regime under the 1996 Act can result in lower originating switched access rates. It is imperative that the Commission continue its efforts to ensure that the network element regime is fully implemented to justify deferring the prescriptive approach for originating switched access.

CompTel strongly recommends that the Commission retain the unitary rate structure for Tandem-Switched Transport to ensure non-discriminatory treatment of all transport users, to remove incentives for the ILECs to implement sub-optimal interoffice network designs, and to conform to the TSLRIC methodology for deriving access rates.

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**Before the
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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

In the Matter of)

Access Charge Reform)

CC Docket No. 96-262

**REPLY COMMENTS OF THE
COMPETITIVE TELECOMMUNICATIONS ASSOCIATION**

The Competitive Telecommunications Association ("CompTel"), by its undersigned counsel, and pursuant to the Commission's Notice of Proposed Rulemaking ("NPRM"),¹ hereby submits its reply comments in the above-captioned proceeding.

I. THE FCC SHOULD ADOPT COMPTTEL'S ACCESS REFORM PROPOSALS

The wide diversity of varying positions taken by commenting parties in this proceeding reinforces the reasonableness of the targeted approach to access charge reform recommended by CompTel. CompTel's approach has the following benefits:

- it makes significant progress toward achieving cost-based switched access rates in the near term;
- it is grounded in the realities of today's marketplace;
- it can be readily implemented by the Commission without lengthy or burdensome additional proceedings;
- it incorporates the hard work of state commissions in arbitrating agreements under Section 251(c) of the Telecommunications Act of 1996; and

¹ Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, Usage of the Public Switched Network by Information Service and Internet Access Providers, CC Docket No. 96-262, CC Docket No. 94-1, CC Docket No. 91-213, CC Docket No. 96-263, Notice of Proposed Rulemaking, Third Report and Order, and Notice of Inquiry, FCC 96-488 (rel. Dec. 24, 1996) ("NPRM").

- it mitigates any contentions of rate shock by the incumbent local exchange carriers ("ILECs") by not requiring an immediate flash-cut to cost-based rates for all switched access elements.

To reiterate, the Commission should identify those access rate elements which are not now, and are not likely to be, subject to any significant competitive pressures. The Commission should prescribe rate levels based upon Total Service Long Run Incremental Cost ("TSLRIC") for those rate elements at once. With respect to the access elements that may potentially be subject to competitive pressures from a fully implemented network element regime under Section 251(c), the Commission should retain current revenue levels for the time being with certain adjustments in the rate structure to make the rates more cost-causative. The Commission should engage in careful monitoring to see whether those rate levels decrease due to competition and be prepared to intervene with rate prescriptions if necessary.

The commenting parties do not seriously dispute that terminating switched access, and both originating and terminating Tandem-Switched Transport, are not subject to significant competitive pressures today, and will not be subject to such pressures for the foreseeable future. As a result, the Commission should require the ILECs to reduce those rates to TSLRIC-based levels immediately. In particular, CompTel makes the following recommendations:

- (i) the terminating Transport Interconnection Charge ("TIC") should be reduced to zero because, by definition, it does not include any costs that will not be recovered through TSLRIC-based rates for other access elements;
- (ii) the terminating Carrier Common Line ("CCL") charge should be set at zero because there are no incremental costs associated with terminating loop usage;

- (iii) the terminating Local Switching charge should be set at the Total Element Long Run Incremental Cost ("TELRIC") levels established by state commissions for the local switching function pursuant to the 1996 Act; and
- (iv) the rate levels for originating and terminating Tandem-Switched Transport, including the tandem switching charge, should be required to conform with the Commission's TELRIC requirements in CC Docket No. 96-98 for such transport when offered on a network element basis.

With respect to originating switched access, the network element regime has not yet been implemented and much further work needs to be done before it can serve as a vehicle for new entry into the local exchange and exchange access markets. Further, CompTel is not convinced that even a fully-implemented network element regime will result in lower rates for originating switched access. Nevertheless, as a matter of establishing access reform priorities, the Commission may wish to defer the prescription of TSLRIC-based originating access rates while moving forward actively to implement the network element regime to see whether, and to what extent, it can impose any downward pressure upon above-cost originating access rates. Similarly, because originating and terminating Direct-Trunked Transport rates already are subject to some competitive pressure today and likely will benefit from increased competition under a fully-implemented network element regime, the Commission may wish to defer prescribing TSLRIC-based rates for the time being. By permitting the ILECs to recover current (but not increased) revenue levels for originating access and Direct-Trunked Transport, the Commission would give marketplace forces an opportunity to work.²

² In its Comments, CompTel proposed certain modifications to the rate structure for originating switched access rate elements. In particular, CompTel supports the Joint Board's recommendation that the originating CCL charge be converted to a flat-rated charge and recovered on a per-line basis from presubscribed carriers. For originating
(continued...)

CompTel would emphasize that any decision to defer prescribing TSLRIC-based rates for originating access and Direct-Trunked Transport makes sense only if the Commission continues its efforts to ensure that the network element regime under Sections 251(c)(3) and 252(d) is fully implemented as Congress intended. The Commission cannot assume that the rules it has adopted for unbundled network elements will result in meaningful competition without significant further intervention, implementation and enforcement activities by the Commission and state authorities. Effective competition for originating switched access cannot develop fully until the ILECs' unbundled network elements are as easy to obtain, and as promptly and reliably provisioned, as exchange access services are today. Based upon the experience of new local entrants to date with the ILECs' delayed and diminished implementation of negotiated or arbitrated agreements, the ILECs are nowhere near meeting the requisite standard of performance.

Among the most critical tasks facing the Commission and state authorities is to ensure that the Bell Companies and GTE provide the critical operations support systems ("OSS") necessary for carriers to enter the local exchange and exchange access markets. Congress required the ILECs to provide OSS as an unbundled network element in Section 251(c)(3), and the Commission required full compliance with that directive by January 1, 1997. To date no ILEC has established the electronic OSS capabilities for unbundled network elements (or for local exchange resale) as required by Congress and the Commission. Earlier this week CompTel, AT&T, MCI, Sprint, WorldCom, LCI and the International Communications

²(...continued)

Local Switching, CompTel supports establishing both flat-rated and usage-based rates so long as the Commission permits the ILECs to recover non-cost based revenues through this charge. See CompTel at 29-31.

Association announced the formation of the Local Competition Users Group (LCUG). The express purposes of the LCUG is to ensure that the ILECs fully implement these OSS requirements.³ The Commission should make it a high priority to ensure full compliance with its OSS policies as soon as possible.

II. THE BIFURCATED REFORM APPROACH PROPOSED BY COMPTel STRIKES THE APPROPRIATE BALANCE AMONG THE PROMOTION OF COMPETITION, AVOIDANCE OF INDUSTRY DISRUPTION, AND EASE OF ADMINISTRATION

The comments of state regulatory bodies and competitive carriers contain overwhelming support for the proposition that access reform must have as its goal reducing all switched access charges to cost-based levels.⁴ Like CompTel, these parties support the NPRM's tentative conclusion that access rates must be reformed to reflect TSLRIC.⁵ The

³ See "Competitive Telecom Industry Calls on RBOCs and GTE to Open Local Markets for Consumers," Press Release, February 12, 1997 (copy attached).

⁴ See e.g., CompTel at 16-18, Florida Public Service Commission at 3, Texas Public Utility Counsel at 25, AT&T at 18-20, Cable & Wireless at 27-28; LCI at 16-17, MCI at 19, Sprint at 50, Teleport Communications Group at 4.

⁵ NPRM at ¶ 222 (tentatively concluding that any prescriptive approach adopted by the Commission should focus on driving access rates to some form of TSLRIC levels). See also, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, CC Docket No. 96-98, CC Docket No.95-185, First Report and Order, 11 FCC Rcd. 15499 (1996) (*Competition Order*), at 15844, (stating that rates for interconnection and unbundled elements must be set at "forward-looking, long-run economic cost); and at 16012 (stating that "[u]ltimately, we believe that the rates that local carriers impose for the transport and termination of local traffic and for the transport and termination of long distance traffic should converge.").

different positions taken by new entrants on how to accomplish access reform should not obscure the consensus among these parties that TSLRIC-based switched access rates are necessary to promote competition and economically efficient network design and product pricing decisions.

Further, CompTel submits that there is no serious dispute on the record that terminating switched access is not now subject to competitive pressures and will not be subject to such pressures even under a fully-implemented network element regime. In the *Competition Order*, the Commission found that terminating traffic will not be subject to sufficient competitive pressures to drive down prices: "[A]ll carriers -- incumbent LECs as well as competing carriers -- have a greater incentive and opportunity to charge prices in excess of economically efficient levels on the terminating end."⁶ In the NPRM, the Commission acknowledged that "even with a competitive presence in the market, terminating access may remain a bottleneck controlled by whichever LEC provides access for a particular customer. As such, the presence of unbundled network elements or facilities-based competition may not affect terminating access charges."⁷ Ameritech agrees that terminating switched access is subject to different market forces and may warrant different regulatory

⁶ *Competition Order*, at ¶ 10625-10626.

⁷ NPRM at ¶ 271. In the following paragraph, the Commission speculates that high terminating access charges may provide an incentive for IXC's to purchase unbundled network elements ("ULEs") to "capture" the end user customer and the access charges generated by the terminating access line. *Id.* at ¶ 272. However, the Commission notes elsewhere in the NPRM that even the presence of ULE-based competition would not eliminate ILEC incentives to maintain access charges at excessive levels, and would allow ILECs to "disadvantage IXC's that are not effectively integrated into local service, and thus driving the market, possibly inefficiently, towards one-stop shopping." *Id.* at ¶ 170.

treatment,⁸ and numerous competitive carriers support separate regulatory treatment for terminating access.⁹

Similarly, it is not seriously disputed that there are no competitive suppliers of Tandem-Switched Transport today 3 1/2 years after the Commission established regulatory policies to facilitate Tandem-Switched Transport competition.¹⁰ The paucity of tandem-switched competition cannot be attributed to the ILECs' current rate levels for Tandem-Switched Transport. Record evidence in CC Docket No. 91-213 conclusively shows that Tandem Switched Transport transmission and switching rates are well above TSLRIC.¹¹

Therefore, the record in this proceeding, and in related access charge proceedings, strongly supports CompTel's proposal that the Commission establish as its first priority the prescription of TSLRIC-based rate levels for terminating switched access, and originating and terminating Tandem-Switched Transport, because market forces will not reduce current rate levels to TSLRIC. By prescribing access rates at TSLRIC-based levels for these rate elements, the Commission would drive to cost those rate elements that are of critical importance to competitive carriers, yet are insulated from competitive pressure. If the

⁸ Ameritech at 51-52.

⁹ *See e.g.*, Cable & Wireless at 31, LCI at 18-20, WorldCom at 9-19. Significantly, MCI notes that, in promoting its out-of-region long distance service in Arizona, NYNEX is employing a classic price squeeze approach -- offering its Arizona customers price discounts that effectively waive the terminating access charges for all calls that terminate in the NYNEX service area. *See* MCI at 35.

¹⁰ *See* Expanded Interconnection with Local Telephone Company Facilities, 8 FCC Rcd. 7374 (1993) (Second Report and Order and Third Notice of Proposed Rulemaking).

¹¹ *See* Competitive Telecommunications Ass'n v. FCC, 87 F.3d 522, 532 (D.C. Cir. 1996) (recognizing that CompTel supplied evidence on the record in CC Docket No.91-213 that Tandem-Switched Transport is priced above cost today).

considers it infeasible to bring all switched access rates to cost-based levels immediately, giving first priority to the prescription of TSLRIC-based rates for these elements will provide the Commission with the greatest possible competitive return on its access reform investment.

III. THE FCC SHOULD PRESCRIBE TSLRIC RATES FROM THE GROUND UP

In prescribing TSLRIC rates, CompTel showed in its Comments that it is desirable, and readily achievable, for the Commission to require ILECs to develop cost-based switched access rates from the ground up. In fact, there is no way to prescribe TSLRIC-based rates other than by identifying the TSLRIC costs associated with specific network features and functions. The Commission has already done much of the necessary spade work in CC Docket No. 96-98 through the development of interim proxy rates. Further, state commissions have gone even further in arbitration proceedings to establish reasonable interim rates, and the industry is moving toward the establishment of permanent TSLRIC-based rate levels in many states. Because switching and transport provided by ILECs as exchange access services are functionally identical to switching and transport as unbundled network elements, the Commission should rely upon its proxy rates, and the rates established by state commissions, in prescribing TSLRIC-based switched access rates.¹²

CompTel does not support the suggestions of various parties that the Commission try to back into TSLRIC-based access rates through complicated modifications to the price cap system. The Commission will not achieve TSLRIC-based rates from such modifications

¹² CompTel at 18-21.

except through sheer coincidence. There is no reason for the FCC to seek to accomplish indirectly and imprecisely through price cap modifications what it can do directly and with greater accuracy based upon its work in CC Docket No. 96-98 and the work of state commissions in implementing Sections 251(c)(3) and 252(d) of the 1996 Act.

Similarly, CompTel strongly opposes the suggestions of various parties that the Commission seek to reallocate revenues among various switched access rate elements. For ILECs under price cap regulation, the switched access revenues they receive today have no logical or empirical nexus with their "costs" of providing service. Further, the ILECs' "costs" that are allocated to the interstate jurisdiction are not TSLRIC, but are historical, embedded costs which are not properly included in cost-based switched access rates. Moreover, any attempt to re-assign portions of historical revenue requirements among switched access rate elements would be a time-consuming and expensive exercise in futility. In short, reallocating non-TSLRIC revenues among switched access rate elements is incompatible with TSLRIC pricing and antithetical to the pro-competitive purposes of this proceeding and the 1996 Act.

The Commission should prescribe TSLRIC-based rates rather than experiment with price cap modifications and revenue requirement reallocations in order to achieve cost-based switched access rates. The TELRIC-based prescriptive approach has support from a broad spectrum of comments, with proponents including state public utility commissions,¹³ public advocates, and competitive carriers and their industry associations.¹⁴ While the ILECs, not

¹³ See *e.g.*, Alabama Public Service Commission at 12-13; District of Columbia Public Service Commission at 2-3, Texas Public Service Commission at 4-6.

¹⁴ See, *e.g.*, AT&T at 43-49, Cable and Wireless at 24-26, MCI at 7-15, LCI at 8-17.

surprisingly, support a market-based approach similar to, or more deregulatory than, that submitted for comment by the Commission,¹⁵ the record is clear that the local network infrastructure necessary to sustain local competition is not in place today, and is not likely to develop absent active and consistent regulatory oversight by the Commission and state authorities. The comments of new entrants and state regulators lend credence to CompTel's call for vigilance by the Commission to ensure that unbundled network elements are as easily obtainable, and as quickly and reliably provisioned as access charges, before it can consider abandoning the TELRIC-based prescriptive approach.

Moreover, the prescription of TSLRIC rates is compelled by Section 254(k) of the 1996 Act, which expressly prohibits any telecommunications carrier from "using services that are not competitive to subsidize services that are subject to competition." Absent prescriptive action by the Commission to establish switched access rates at TSLRIC and identify any non-cost revenues that the ILECs will continue to recover on an interim basis, the Commission will have fallen short of the statutory policy against the use of monopoly revenues to cross-subsidize competitive services. For all of these reasons, and in light of the strong support in the record of this proceeding, the Commission should adopt the TSLRIC-based prescriptive approach proposed by CompTel.

Lastly, should the Commission adopt rules giving the ILECs greater pricing flexibility based upon the degree of potential or actual local competition, CompTel urges the Commission to remain vigilant to protect against discriminatory pricing. The ILECs will continue to have the incentive and ability to engage in discriminatory pricing to benefit their

¹⁵ *See, e.g.*, Ameritech at 36-47, Bell Atlantic/NYNEX at 8-15, BellSouth at 40-52, GTE at 10-14, United States Telephone Association at 23-34, U S West at 28-42.

own affiliates or preferred customers in any market environment characterized by less than full competition. Therefore, the Commission must prevent the ILECs from providing customer-specific rates, except to the extent they meet a heavy burden of justifying such rates based upon TSLRIC, and the Commission must be vigilant to prevent the ILECs from introducing the functional equivalent of customer-specific rates through volume discounts, contract offerings, competitive response offerings, or "new services."

IV. THE FCC MUST RETAIN A UNITARY PRICING OPTION FOR SWITCHED TRANSPORT

In its Comments, CompTel discussed at length the need to retain the currently effective unitary rate structure in which carriers are given the option of purchasing switched transport on a usage basis, with mileage measured from the ILEC's serving wire center to the ILEC's end office.¹⁶ First, the Commission should not permit the transport costs of interexchange carriers to be driven by the ILECs' unilateral decisions as to how many tandems to deploy, where to deploy them, and how to size the interoffice network. Second, the unitary rate structure is consistent with the ILECs' routing of Direct-Trunked Transport over the exact same facilities as Tandem-Switched Transport, with mileage measured between the serving wire center and end office. To deny carriers purchasing Tandem-Switched Transport over the same facilities that method of calculating mileage would be unreasonably discriminatory.

The comments filed in this proceeding reveal mixed support for retaining the unitary rate structure. However, with the exception of AT&T, the largest purchaser of Direct-

¹⁶ See CompTel at 24-28.

Trunked Transport, the unitary rate structure is strongly supported by the carriers who are among the largest purchasers of Tandem-Switched Transport -- MCI, Sprint, WorldCom and Frontier all join CompTel in supporting the unitary pricing option currently required by the Commission's rules.¹⁷

The parties opposing the unitary pricing option generally base their opposition on a single argument -- that each transport circuit should have a flat-rated or usage-based charge depending upon whether it is dedicated or shared.¹⁸ However, these parties fail to acknowledge that Direct-Trunked Transport often is routed through tandem locations even though it is priced today as a single, end-to-end service. If recovering access charges on a per-link basis were the sole criterion for access charges, the Commission would be compelled to bifurcate the rate structure for Direct-Trunked Transport. To the best of CompTel's knowledge, no party supports the per-link pricing of interoffice transport, and the Commission historically has supported the pricing of services on an end-to-end basis rather than on the basis of the specific facilities used by the underlying carrier to provision the service.¹⁹

Further, the unitary rate structure is the only way to price Tandem-Switched Transport that is consistent with the TSLRIC methodology. As the Commission explained when it adopted the sibling TELRIC methodology in CC Docket No. 96-98, costs should be

¹⁷ See, e.g., Frontier at 17-21, MCI at 85, Sprint at 21-28, WorldCom at 50.

¹⁸ See, e.g., Ameritech at 18-20, AT&T at 59-60, Bell Atlantic/NYNEX at 40-41, BellSouth at 73, USTA at 60.

¹⁹ See, e.g., *Western Union Corp. v. Southern Bell et al.*, 5 FCC Rcd 4853, 4855 (1990) (tariffs "should reflect rates based on the service provided and not the physical routing").

estimated based upon "the most efficient technology deployed in the incumbent LEC's current wire center locations."²⁰ The Commission further noted that rates should be based on "costs that assume that wire centers will be placed at the incumbent LEC's current wire center locations, but that the reconstructed local network will employ the most efficient technology for reasonably foreseeable capacity requirements."²¹ As a result, while an ILEC's configuration of end offices and serving wire centers can affect its TELRIC costs of providing Tandem-Switched Transport, the number and location of tandem offices in its actual interoffice network are irrelevant to determining the ILECs' costs. It would be flatly inconsistent with the TSLRIC methodology, which by design ignores the ILEC's tandem office topography in deriving the appropriate rate, to accord that topography a central role in recovering those costs from transport purchasers.

As CompTel discusses in its Comments, and as Sprint and several other commentors discuss at length,²² retention of a unitary pricing option for switched transport is critical to eliminate incentives for ILECs establish suboptimal network designs, to prevent ILECs from unilaterally dictating how competing carriers must pay for transport, and to avoid discrimination against smaller carriers. Therefore, the Commission should retain the unitary pricing option for purchasers of Tandem-Switched Transport.

V. CONCLUSION

²⁰ *Competition Order* at 15848-15849.


²¹ *Id.*

²² *See Sprint* at 21-28.

For the reasons discussed above, CompTel urges the Commission to adopt rules reforming access charges that accord with the discussion contained herein, and with the discussion contained in CompTel's initial Comments in this proceeding.

Respectfully submitted,

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**COMPETITIVE TELECOM INDUSTRY CALLS ON RBOCs AND GTE TO
OPEN LOCAL MARKETS FOR CONSUMERS**

Washington, D.C. - A coalition representing over 200 companies and business users who are attempting to give residential and business customers a choice of local telephone service providers today called upon the Regional Bell Operating Companies (RBOCs) and GTE to comply immediately with the Telecommunications Act of 1996. They urged that the FCC and state public utility commissions demand and ensure that the RBOCs and GTE permit local competition to become viable by providing fully effective operations support systems to new entrants.

At a press conference today at the City Club of Washington hosted by the Competitive Telecommunications Association (CompTel) -- an industry group comprising over 200 competitive telecom companies -- representatives of CompTel, AT&T, MCI, Sprint, WorldCom Inc., LCI International and the International Communications Association, an association of business users of telecom services, outlined the dismal record of the RBOCs and GTE more than a year after Congress passed and President Clinton signed the Telecommunications Act, which promised to open all telecommunications markets to competition.

Specifically, the competitive industry representatives described how the RBOCs and GTE thus far have failed or refused to provide the critical operations support systems (OSS) that will determine whether a competitor will be able to provide services that are comparable to those of the entrenched incumbent. Last August, the FCC ordered that these electronic operations support systems be operational by January 1997. Unfortunately, the RBOCs and GTE have not met this requirement. In fact, no electronic operations support systems exist anywhere for ordering and processing of unbundled combined network elements (the "Network Platform"), and only limited and inadequate systems exist for resale.

The industry representatives announced the formation of a joint working group, the **Local Competition Users Group (LCUG)**. This group, composed of representatives of LCI, WorldCom, Sprint, MCI and AT&T, will ensure that the RBOCs and GTE implement OSS interfaces and processes that will enable a competitive environment, to monitor implementation and to ensure enforcement. In making the announcement today, the LCUG released a 36-page paper entitled, "Foundation for Local Competition : Operations Support Systems Requirements For Network Platform and Total Service Resale." The LCUG will issue a periodic "report card" to apprise the public and policymakers of the status of implementation of these building blocks for effective local telecommunications competition by various of the RBOCs and GTE.

"The RBOCs and GTE, a full year after passage of the Act, still have utterly failed to provide the critical support systems which will enable competitors to hook customers up to their vast networks to compete effectively with the monopolists," said James M. Smith, President of CompTel.

H. Brian Thompson, Chairman of CompTel and Chairman and CEO of LCI International Telecom Inc., explained that local competition cannot succeed as long as the RBOCs and GTE refuse to provide electronic operations support systems that would allow new entrants to obtain customer information and process their orders.

"Although a few RBOCs have established different and partially manual systems for resale operations, no RBOC to date has established the systems required by the Act and the FCC to support the Network Platform. The Platform is crucial for new entrants to compete head-on with the RBOCs and GTE, and reduce costs, on the way to full facilities-based competition," said Thompson.

The Congressional authors of the Telecom Act recognized that the monopoly local telephone networks built over the last 100 years, which now comprise millions of route miles and over

140 million subscriber lines, cannot be duplicated overnight by new competitors. Congress directed the monopolies to give new competitors full and fair access to the established local networks at cost-based rates. In return, Congress mandated that the Bell Companies could provide long distance services after they fully opened their local networks to effective competition by, among other things, providing "nondiscriminatory access to unbundled network elements".

The industry group observed that the key real-world question is: "**Can a customer order and receive the same type and quality of service from a competitor that it can from the RBOCs and GTE?**" "Without fully functioning OSS provided, as required by law, to new competitors by those companies, the answer is a resounding NO, and real competition simply will not happen on a broad scale," asserted CompTel's Smith.

The industry representatives presented a set of five questions that consumers and policymakers should use to ensure that consumers benefit from the competitive local markets envisioned by the Telecommunications Act. These questions can only be answered in the affirmative when the RBOCs and GTE begin providing fully functioning OSS for the Network Platform, as well as resale, to new entrants.

One: Can the Customer Easily Order Service from the New Competitor?

- Can the customer place an order and have installation dates confirmed on the initial call?
- Can the competitor have immediate access to the information needed to create the order?

Two: Will the RBOC or GTE Promptly Accept the Order from the Competitor for Processing?

- Will they accept orders from competitors electronically, without manual intervention?
- Do they have adequate ordering systems?
- Will they promptly accept customer changes?

Three: Does the Customer Get What He/She Ordered On Time?

- Is customer service implemented without disruption of service or dropped features?
- Will the change order be completed as quickly as the current standard for long-distance carrier changes?

Four: Will the Customer Receive a Timely, Accurate Bill?

- Will the RBOC and GTE provide data to competitors electronically and immediately, to avoid customer backbilling?

Five: Is the Service Satisfactory and Will the RBOC or GTE Fix It When It Breaks?

- Is the quality of service the same for ALL customers served over the network?
- Is trouble reporting and restoration response the same?

In addition to urging FCC and state PUC action to compel compliance with the Telecom Act and the FCC's implementing orders, the industry representatives pointed out that since these systems and functionalities are an absolute prerequisite to effective local telecommunications competition, no RBOC should be authorized by the FCC to provide long distance services as long as it fails to provide fully functioning OSS which it controls.

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